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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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*93-253*

Honorable Richard H. Baker  
House of Representatives  
434 Cannon Building  
Washington, DC 20515-1806

Dear Congressman Baker:

This letter responds to your letter of September 27, 1993, addressing the 2 GHz Personal Communications Services (PCS) proceeding, GEN Docket No. 90-314. You expressed support for a PCS licensing structure that facilitates participation by independent, small and minority-owned businesses.

On September 23, 1993, the Commission adopted final rules to govern PCS. The Commission allocated 120 megahertz of spectrum for licensed PCS, which should result in between 3 and 7 licensees in each service area. The Commission adopted licensing areas based upon Basic Trading Areas (BTAs) and Major Trading Areas (MTAs); 60 megahertz of spectrum were allocated for BTAs and 60 megahertz for MTAs. There are 492 BTAs and 51 MTAs for licensing purposes. The Commission concluded that BTAs are representative of likely PCS markets in which local communications will take place, and that MTAs will provide the economies of scale and scope necessary to promote development of low cost PCS equipment. In a companion Notice of Proposed Rule Making, implementing competitive bidding authority, PP Docket No. 93-253, the Commission proposed licensing preferences in one 20 megahertz and one 10 megahertz frequency block of the BTA spectrum for rural telephone companies, small businesses, and businesses owned by minorities and women.

The Commission's decisions addressing PCS are designed to ensure the expeditious provision of PCS in both urban and rural areas and to promote diversity in its provision. I am attaching the press releases for the dockets addressed above that more fully describe the Commission's actions.

Sincerely,

James H. Quello  
Chairman

Enclosures

**RICHARD HUGH BAKER**

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NATURAL RESOURCES



**Congress of the United States  
House of Representatives**

Washington, DC 20515-1806

September 27, 1993

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The Honorable James H. Quello  
Commissioner  
Federal Communications Commission  
1919 M Street, NW, Room 802  
Washington, DC, 20554

Dear Commissioner:

As a member of the House of Representatives Small Business Committee, I urge you to consider in the upcoming PCS Rulemaking the ability of independent, small and minority-owned businesses to participate in personal communications services. The ruling the Commission offers will determine whether small business, the root of our nation's economy, is provided or denied the access it needs to participate in this exciting, new industry.

As you may know, not only do small businesses deliver jobs, they also deliver innovation, specialized service, and economic participation for women and minorities. The ability of small businesses to deliver these assets to our national and local economies will depend on whether it is given the opportunity to fully participate in the new telecommunications market created by the Commission's September 23rd rulemaking.

Congress clearly endorsed the participation of small and minority owned enterprises in the provision of PCS in its legislation authorizing the FCC to conduct auctions. This endorsement should be carefully considered by the Commission when it weighs the arguments made by the interests calling for only a few PCS licenses covering large regions.

A few regional licenses will place PCS beyond the financial and operational reach of small business and into the hands of the a few large corporations. A licensing structure allowing up to 5 licenses in small markets (as advocated by the Small Business Administration and the Justice Department) will allow small and minority businesses to effectively compete and deliver their contributions to the PCS marketplace. Awarding multiple licenses and licensing smaller markets will foster competition and efficiency, as well as boost local economies and the national treasury.

I urge you to adopt a licensing structure ensuring small and minority-owned business' participation in the upcoming PCS auction process. Open entry for all parties interested in offering personal communications services, multiple licenses, and small market areas will create competition and innovation in the marketplace and will ensure small and minority business involvement in our nation's wireless future.

Thank you in advance for your assistance in this regard, and I look forward to hearing the results of the September 23rd meeting.

Sincerely,

A handwritten signature in cursive script, appearing to read "Richard H. Baker".

Richard H. Baker  
Member of Congress

RHB:dl